

**Property Rights Foundation of America®**  
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**Energy Mandate Madness**

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Thank you again, Carol, for inviting me to this event. I'm going to be talking about deadly cars and dirty dishes. Seriously. You might wonder, what does that have to do with property rights. It does. It has to do quite a bit I think and I hope to show that. Both deadly cars and dirty dishes, I will explain, are problems that are caused by government regulation. There are regulations that restrict energy use. Now, energy these days, if you say energy, the first thing it brings up is global warming. Global warming, of course, means higher ocean levels, more intense storms, God knows what else. The end of the planet. It means carbon dioxide, human emissions of carbon dioxide, which then affect the temperatures. It also means carbon footprint. In my view, the emphasis on carbon footprint, on reducing carbon footprint, is a political key towards increasing control over our daily lives all over this world.

If you own property and you get in trouble for leaving your physical footprint on it, that's an infringement, if not a total destruction of your property rights in that property. If you can't leave a carbon footprint there as well you're subject to the same if not more. And as I hope to show this all traces back to what I see as the demonization of energy, persuading people that there is something wrong — something morally wrong — with turning on a light switch, regardless of what sort of light bulb you've got, or turning on an ignition switch, and ultimately with bringing more children into this world. Because for anyone concerned about reducing their carbon footprint, no matter what you do in the way of getting more efficient appliances or machineries, reducing your use of electrical appliances conserves energy, but no matter what you do that's all going to be wiped out by the fact that if you have children you and your family's footprint will increase dramatically. Dramatically.

Let's start with deadly cars. The regulation at issue there is called CAFE, which stands for Corporate Average Fuel Economy. This is a law enacted back in 1975 so it's got a bit of history. I'm getting on in my old age. I'm going to tell you that history. I was involved in that history. Corporate Average Fuel Economy was enacted in 1975 in the weight of the Arab oil embargos of the two preceding years. And they essentially mandated that NHTSA, the National Highway Traffic Safety Administration, which is a part of the U.S. Department of Transportation, was to start setting standards — mile per gallon standards — on new cars being produced in one model year after another. Now, in the very first years of CAFE, the market was actually producing much more fuel-efficient cars than what was called for by CAFE. Why? Because people thought, people were scared about that fact that oil prices — gasoline prices — had been rising and they were worried that they would keep on rising. And so they demanded, they wanted, higher fuel economy cars and manufacturers were more than happy to produce it for them. But by around the mid-80s oil prices had actually started to stabilize after a year or two they actually started to drop and people started shifting their demands toward less fuel-efficient cars. But the CAFE standards, the ones set on a schedule by congress and then sort of open to adjustment by NHTSA, kept increasing, kept getting more stringent. There are many economic arguments against CAFE at that time: They raise prices. They restricted consumer choice. People were in a much better position to save energy than government bureaucrats were. But the issue that we at CEI [Competitive Enterprise Institute] raised was the following: CAFE kills people because one of the most powerful ways of getting more fuel-efficient cars was to downsize and down-weight those cars. I use the term

"downsize" to mean both reduction in size and weight. This is all fine and good. Downsizing a car is all fine and good for increasing your miles-per-gallon, but it also means that your car is less crashworthy because in an accident, whether it's single vehicle or multi-vehicle, in an accident larger, heavier cars are safer than smaller, lighter cars. This is not something that we just thought of. One industry that probably has the biggest stake in assessing the crashworthiness of cars is not the automakers it's the auto insurers. And the auto insurers have a wonderful website run by the Insurance Institute for Highway Safety, which they fund, which has been saying for decades that if you want to buy the safest car... If you have young drivers in your family, etc., weight and size are the two most important factors. Whenever their website first went up, which was decades ago, it was there. That statement is still there. Anyway, you have NHTSA running a program which compelled car makers in their quest for higher miles per gallon to downsize their vehicles. And yet, when it came time to assessing "what does that mean in terms of traffic safety?" they just began to pull stunts. One stunt after another. And so we sued NHTSA. We actually sued several times. We raised the issue of auto safety. You might think when we're talking auto safety we should have friends within the auto safety establishment. People like Joan Claybrook, Ralph Nader; they talked about safety all the time. Actually, they were not on our side. They were on exactly the other side. Why? Because until CAFE became an issue for them if you wanted more auto safety, you needed more government. You needed more government regulations on car design and car construction. You needed mandatory airbags, for example. With CAFE though, all the subject was either/or. You could have more safety by getting rid of CAFE or you would have more government. It was either or. Their response was to go for more government not more safety. Now, this was a problem for them because before CAFE became an issue they had made statement after statement about how large cars are safer cars. Ralph Nader back in the mid-1970's, 1972, I think, actually co-authored a book called *Small—on Safety: The designed-in dangers of the Volkswagon* where page after page talks about how the laws of physics inherently mean that smaller cars are less safe. Oh, yeah, there's a myth that smaller cars are more maneuverable and also they're not all the time less safe and they dismissed that as being a myth. In fact, as late as 1989, Nader in a magazine interview was asked, "What's the safest type of car?" He said, "One with an airbag." "Well, how about beyond that?" He said, "A larger car. Larger cars are safer." That's in 1989 in print. But once we made CAFE into a safety issue, these folks did a flip-flop. And so, for example, as we raise this issue more and more, we got a number of responses from advocates of higher CAFE arguing, no, there is no safety issue here. One of their chief arguments was — this is Sierra Club especially — "CAFE can't be endangering people. It's endorsed by Ralph Nader." Despite his own very words in print. Anyway, we sued. We sued once and we got kicked out for lack of standing. One Nader group, the Center for Auto Safety, was actually on the other side. We sued a second time and this time we won. This was the DC Circuit decision, which came out in 1992. We essentially argued that if NHTSA had considered the safety impacts of CAFE, it would have set that standard more leniently, a less stringent standard, a standard that would not lead to as much downsizing. But it didn't do that because it just tried to do its best to ignore the issue. In a 2 to 1 court ruling out of the CD Circuit in 1992, the court held — and these are the court's words not mine — "NHTSA had ducked the safety issue through a condemnation of statistical slight-of-hand and bureaucratic mumbo-jumbo."

Now, if you had had a company that was accused and found guilty of producing a dangerous product and was found guilty of having concealed the risks of that product, that product would have been off the market within days. The company would have been bankrupted. Those CEOs may well have been in jail. But that's a big distinction here. CAFE was not a privately produced product carrying liability if it was a poorly designed product. CAFE was a government regulation. And so, we naively thought, "Ah hah, upon this court ruling that's the end of CAFE. In retrospect, that turned out to be incredibly naive and incredibly wrong because CAFE is still with us."

I think our court case, by the way, when I say that CAFE was undermining traffic safety, the numbers that were out at that time in terms of period literature was about 2,000 to 3,000 additional deaths per year, which is a sizable number. Not one you're going to hear from anyone pushing CAFE. We won the case but CAFE stayed in business. I think the case contributed to keeping CAFE stable for about a decade. That is, keeping it from getting even worse.

But towards the end of the 1990s and then into 2000 and so forth something else happened. You got the incredible heating up of the global warming debate. And CAFE suddenly became a global warming issue because the more gasoline cars burn, the more carbon dioxide they put out. And so, what had previously just been a Department of Transportation issue run by an agency whose middle name was "safety," now became an issue in which EPA itself was a copartner. EPA's slogan is "Protecting people

and the environment." Our joke is the slogan is "Protecting people and the environment but not necessarily in that order." EPA began to copartner with bits of DOT in running this program and things got very bad under the Obama Administration where, in fact, a schedule was set. These standards were issued on a model-year basis. They had a schedule set that would have pushed the 1980s level of 27.5 miles per gallon almost to double that amount by the year 2020 and beyond.

What were the arguments that our opponents used when they argued, in terms of higher CAFE, that there was no safety risk? They used quite a few arguments. One thing I should say is, in all my time on this issue I had never until recently, met any proponent of higher CAFE standards who admitted it kills anyone. Not a single person said, "Yes, it kills people but it's worth it for these and these reasons." They're always attacking oil as being a blood-for-oil product. We had troops in the Mid-East dying in order to secure our oil supplies. In our view, CAFE was a blood-for-oil war as well but it was being waged on American civilians. And being waged by people who never dared admit that it carried risks. At least when we sent troops to the Mid-East, whether you believe it was for oil or other reasons, we didn't pretend that no one would get hurt, that no one would die. The issue was clear. We're putting our boy's lives at risk for this and this reason. With CAFE though you never had that admission by any of its proponents, which is why I think fundamentally, much of the CAFE debate over these years was a dishonest debate. Let me go through some reasons. What they said was, "Look CEI [Competitive Enterprise Institute], if CAFE is really dangerous why is it that death rates in cars over time have steadily improved? After all, cars are getting more and more fuel-efficient and yet the death rates are improving. By your logic, Kazman, death rates ought to have gone up not down." The answer is that the improvement in vehicle death rates, that is fewer death rates per mile traveled, didn't just happen from when CAFE was enacted, it's been improving since the time more than fifty years earlier when vehicle safety statistics first began to be compiled. There's been a steady improvement in vehicle safety as technologies have improved and as methods of driver's education has improved. The point is that it would have improved even more if you weren't killing a certain number of people by forced downsizing.

Another argument was, okay, in the past downsizing was one way of getting higher miles per gallon, but now I have all these new materials, these new technologies, airbags, seat belts with pre-tensioning systems, electronic stability control, and so forth. So, this downsizing question is an issue from the past. It's not around anymore. Well, the point is no matter what technologies you use, whether they're new lightweight materials in cars and new safety features, you design the most high-tech car you can. If you then add another fifty well-designed pounds to it or five cubic feet of space to it, you're going to have an even safer car. There is always going to be a tradeoff. As one safety expert once analogized, "This technology argument is like if you were to imagine that I'm a cigarette salesman pitching my product to a teenager and this teenager says, 'Oh, is there a risk from smoking?' And I said, 'Yeah, but you know with everything we know now about proper diet and good exercise you can overcome those risks.'" The answer is maybe you can. But if you use those techniques of good diet and good eating and *don't* smoke, you'll be healthier still. No matter how well exercised, how cleverly and intelligently fed you are, there's still a risk from smoking.

One very clear example, I think, that downsizing has not gone away is the fact that a lot of new cars nowadays do not have a spare tire. You get a little can of tire inflator. Well, some people don't know that until they get a flat and they realize when they reach in there: "What?" One reason car makers do that is because it saves them between the jack that they don't put into the trunk and the spare tire that they don't put into the trunk, about thirty to forty pounds, which is damn useful from meeting CAFE standards. Especially as those standards get more and more stringent.

We had our case. We had our ruling. We had the fact that CAFE was getting more and more stringent and then Obama comes along and essentially says, you know when it comes to miles per gallon the sky's the limit. Congressmen, too, think this is sort like a magic wand. If you just wave it and say we're improving the fuel efficiency and it's going to pay off for you, the consumer, they can get away with anything. So, he had a schedule that he sort of released it in the last weeks, maybe the last actual hours of his administration that set NHTSA, that set CAFE on a schedule to become much, much more stringent.

Now, one big problem is that carmakers have to meet these standards but they also have to sell their cars. Once gas prices start falling, carmakers have a big problem because consumers are no longer that interested in very fuel-efficient cars. Some are for, various reasons, but consumers generally are not

interested in giving up other features like occupant space, towing capability, luggage-carrying capacity in order to save gas which is increasingly affordable.

And so, you get carmakers coming up with all these angles that allow them to both meet CAFE and sell cars. One is, and this is the heads, I think, of both Ford and GM a while back proposes let's increase the gas tax. Because if gasoline sells for \$5.00 a gallon instead of \$4.00 a gallon or if God forbid it falls down to \$3.00 a gallon, if it costs more due to this tax, we can re-ignite consumer demand for fuel-efficient cars.

Think about this. You have the manufacturer of a product pushing government, lobbying government to increase the cost of what that product runs on — the fuel for that product. This means, in my view, one, we have an insane regulatory system and secondly, you've turned carmakers into the sorts of people who don't serve consumers but who serve the public.

Anyway, the Trump administration comes in and Pruitt announces that they're going to be reconsidering the Obama standards, which had not yet taken effect, but were going to be taking effect soon. All hell breaks loose. California, which somehow wants permission to set its own fuel-economy standards, notwithstanding Pacific Legal's efforts on that, California reacts as if the U.S. is seceding from California by declaring it's considering lowering it. Eventually, there was some dispute between EPA and DOT over just how far to go on this. But this past August they did issue a joint proposal not to roll back the standards but to freeze them at the model year 2020 level, which in my view is still very high. But they were going to freeze them instead of letting them get more and more stringent year after year after that. And, in their view, this would save lives. They actually put out numbers. I think over fifteen years they estimated a saving of twelve thousand lives due to various tactics. One was downsizing but that was no longer for them a major issue. One was the fact that when you force products to be more fuel efficient they cost more which means you slow down the rate at which people trade in their old cars for new cars. And because new cars *are* generally safer than old cars, that has a bad safety impact as well. Then there was another reason about the government-induced driving. But they came up with a figure over all of twelve thousand. That is now in the middle of a public comment period. For those people who are very civic minded you can still get comments into the agencies by next Friday. We'll be doing that. And then I think within several months we'll see a decision being made.

I believe the enviros and California and the California wannabes will very quickly jump in with litigation. It's possible that we'll be jumping in with litigation as well from the *other* side basically claiming that the DOT has not gone far enough because by DOT's logic if you're saving lives by freezing CAFE by preventing it from getting more stringent you'd be saving even more lives by driving it to even more flexible levels. And we ought to know how many lives we're giving up by not picking that alternative and actually why doesn't DOT take that alternative?

I suspect we know why because it's easier to talk about "we're going to freeze the standard" rather than to say "we're going to actually lower it." But anyway, that's where things stand. We will see what happens there. But this is the first time that this agency has talked about the life-imperiling effects of CAFE in actual numbers, hard numbers, at least numbers that are out there. Until now it's all been in terms of generalities. Yes, there are risks in the abstract but we hope to deal with them, but this is the first time they have come out and put numbers on the things we're talking about. That's where CAFE stands.

Now, I promised I would also be talking about dirty dishes, not just deadly cars. This has to do with home appliances and with another agency: the Department of Energy. I've noticed over the years that a lot of household appliances have gotten a lot lousier. A lot lousier. Whether you're talking about dishwashers, laundry washers, low-flow toilets, or low-flow showerheads, they've gotten a lot lousier. The reason for they're getting lousier is not that they're being made in China or stuff like that. It's not like manufacturing these things is a lost art and we no longer know how to produce them. It is because the Department of Energy standards that affect how much energy they can use and in some cases how much water they can use. About ten years ago *Consumer Reports* had a cover story called "Washers that Don't Wash." They said and meant laundry washers. They were talking basically, about the old fashioned top loading machines with a central agitator. The reason they weren't washing anymore — because they used to wash incredibly well — a few years before this article came out if you'd flipped open a *Consumer Reports*, just about every model of this type performed good or excellently. And

now, pretty suddenly they were suddenly performing lousy or lousier. They said, "Don't even bother looking at them."

The basic reason is because of these energy restrictions. When you heat up water for laundry that is the main thing that consumes most of the energy and it was the top loader with the central agitator that basically filled up the entire tub. So that used quite a bit of energy. On the other hand, front loaders just have a tiny amount of water there so you use very little energy doing that and they did better, quite a bit better, in terms of less fuel use. It's not as if anyone is arguing that they should be outlawed. Give consumers the choice. Let them decide. People had lots of other reasons, the ones who hated the front loaders. They were expensive. They had huge gaskets that in many cases began to stink. If you're on the old side, if you're elderly, it was a pain to pull out of a front loader to pull wet laundry because it was heavy and dripping and then stack it into a dryer. Lots of people had lots of reasons for hating front loaders. Lots of people had reasons for liking them. We can all get long on that issue. But you had the fact that these models were being made incredibly expensive and incredibly lousy solely by the Department of Energy regulations.

About two months after that *Consumer Reports*... By the way when we saw that article we actually started a little video campaign the tag line of which was "send your underwear to the Undersecretary of Energy." I know I sent mine. But go to YouTube or Google and type in "undersecretary underwear" and you will see it comes up. I know I sent mine in clean because I got word back that some of you have great underwear from some guy at the Department of Energy. The problem is that the statute under which the Secretary of Energy operates is a very incredibly rigid statute. It actually does not allow the secretary to make a standard more lenient if he has already set at a high level. It's just incredibly cumbersome.

But when it comes to dishwashers... not much happened on the laundry machines. Two months after its cover story on lousy laundry machines, Consumers Union, which publishes *Consumer Reports*, was testifying in congress about how consumers have all these choices when it comes to washing machines and consumers actually want more stringent standards not just more lenient, but more stringent standards.

This is one example of how *Consumer Reports*, to a large extent, has become more of a pro-government, pro-regulation spokesman than a pro-consumer advocate. They have really switched on that. One side example: a while back *Consumer Reports* was testing some shower stations where you have several showerheads sort of lined up. And they tested one and said, "This shower felt so good that it couldn't be legal. And we tested it and it wasn't legal." What did they do? Did they complain about it? No. They went to EPA and snitched on them, and snitched on the producer of this. So, instead of being a consumer watchdog they turned into a national snitch.

Anyway, on dishwashers there was a quirk in the law that we thought gave us an angle on something. What's happened with dishwashers is that back in the late 70s, early 80s, dishwashers used to give you a load of clean dry dishes in about an hour. Now the average is two and a half hours and the dishes are rarely clean and they're almost never dry. That's all the result of these standards. So, we filed a petition with the Department of Energy. The *Daily Caller* gave it an incredibly poetic headline: "Energy Department Petitioned To Stop Making Dishwashers Even Crappier." You saw it in our handout. We got over two thousand individualized comments. These were not, for the most part, not cut-and-paste texts or click-if-you-agree. People were writing about their experiences. And those experiences really are amazing. I mean, you had folks saying that these machines are too noisy to run when the kids are still up because our kitchen is right next to our family room and so we have to wait until the kids are in bed. Only then can we run a load and because it takes so long for the load to actually complete we can't put in another load because we have to go to bed while this first load is running.

Other people wrote about how when they visit they're parents' or grandparents' homes, they are amazed to see their parents or grandparents put dishes into the dishwasher without pre-rinsing them. Why? Because those folks still have the old machines that you did not have to pre-rinse and pre-scrape. In fact, *Consumer Reports* still tells you "don't pre-rinse or pre-scrape. It's just a waste of money." But for you who have experience with the newer ones you know that is the only way you can get them clean. So, it's like we have this lost art that only our grandparents are maintaining of putting the dishes right into the dishwasher the way they're supposed to go the way they used to go. One person commented,

"The U.S. is not a third world country. Please stop trying to make it one." I thought that was very well put.

Who was opposing us? Well, we had the enviros opposing us of course. Consumers Union opposed us. They said, "Our surveys show people no longer run dishwashers while the kids are up. They run them after they go to bed. And so, there's no need to make machines that can produce a clean dry load in an hour." Well, the reason they do that is because the machines don't work. The machines today are not capable of giving you a clean dry load in an hour. They *have* to do it after they go to bed. But the main thing of course is just leave it up to people. If folks can save money, if they do save money and don't mind giving up the conveniences and so forth they'll buy the current machines not give them this new old-style of a dishwasher.

All right. So, we've got *Consumer Reports*, enviros, the usual suspects, we also have industry, though. GE and the Association of Home Appliance Manufacturers, are opposing our petition. Why? Because their folks have invested a lot of money in these high-tech, high-efficiency standard technologies figuring they were going to be selling and keep selling to a captive market. If you all of a sudden open it up to these low-end dishwashers that work the way dishwashers used to work, everything gets disrupted. They might lose money. So, you've got this combination of big green and what I call big dish. It's this interesting combination of industry and enviro groups seeing a way to have a mutually beneficial push against deregulation.

For some of you who are interested in this literature there is a framework called Baptists and Bootleggers, where back in the days of Prohibition you had the Baptists pushing to maintain Prohibition and you had the bootleggers who did not want to see Prohibition lifted because bootleggers were good at selling their stuff illegitimately. They knew whom to bribe. They knew whose knees to break, etc., etc. So, they have a nice combination. Sometimes the bootleggers give funding to the Baptists to help them in their push back bootleggers.

So, we're going to see what happens here. It's an open question. We're waiting to hear back from the Secretary of Energy. But it's interesting that you have these sorts of machines that did incredibly well, whether you're talking about the laundry machines, dishwashers, or even light bulbs that have now been replaced by stuff that some people may like but others just do not like. And there's no reason to force it on them. Once again, folks themselves, individually, are in a much better position than government at deciding what is best for them.

Energy mandated conservation *can* be deadly. Let's face it. With dishwashers I'm not talking about any life and death issue. It's not an earth-shaking issue. It's something that's an incredible pain for people especially if they have young kids. But it's not like CAFE. It bothers me personally more because I cannot stand the notion of government getting into this finicky little detail about deciding what sort of a light bulb I affix to a bathroom fixture. But sometimes it can be deadly.

Do you recall that apartment building fire in London back about a year and a half ago? Grenfell Tower. I think it was about 24 stories. Seventy-two people died. This was a building that had been just renovated a year or two before then. And I've heard the actual building plans make it clear. They put a special type of cladding on the outside of the building, on the exterior aimed at reducing the carbon footprint of the building, aimed at saving energy. This cladding had a little airspace that created a perfect funnel for one apartment's little refrigerator fire to secretly, covertly, shoot up between the cladding and the inside walls of the building. They had a little fire crew that put out the refrigerator fire, I think actually not realizing some hot air, flammable very hot air, was secretly drawn outside the window and up. This was all an energy conservation push largely mandated, if not mandated, desired, because it was fashionable to have a green building, to be able to advertise that we've produced another green building here. It came out to be deadly. I asked someone from Britain who's an expert on this sort of stuff, "Did this in any way reduce the fashionability of green buildings?" And he said, "No, no. Not at all."

So, we come back here to global warming. Which I'm not into debating that unless you have questions on that but it's all tied to carbon footprint. Carbon pollution. Do not buy the notion that carbon dioxide is carbon pollution. If I had a charcoal briquette in this hand and I crumbled it and I tossed it onto you and your property, that's carbon pollution. If I'm breathing carbon dioxide as I talk to you over our fence, that is not carbon pollution. Carbon dioxide is not carbon in the same way that neither sodium

nor chlorine, which are two highly toxic or very flammable elements, produce anything that's dangerous when they combine to become table salt. There's a total difference between them. This is all, in my view, aimed at energy demonization which gets politicians, which gives environmentalists, which gives companies looking for subsidies and other handouts an incredible lever over our individual lives. It's the demonization of energy.

The very first thing that comes out of a newborn's mouth is a cry. It's an emission of carbon dioxide. Once you have people breathing, that that is somehow bad for the planet, bad for us morally, I think you got the civilization by the throat. And so, dishwashers are the small issue on that scale but to the extent that we can make cracks in that and CAFE, I like to think we're stopping that trend.

Thank you.

*Audience member #1:* I have trouble grappling with your arguments about the virtue of bigger cars. Certainly the bigger cars hitting little cars kill people in little cars. So that is certainly an issue. I'd like to see more details on that.

*Mr. Kazman:* Sure. That is a mismatch issue. A number of experts used to take the view when it was a real problem. As I'm about to explain, it's not that much of a problem anymore. That, in fact, the safety benefits that large cars offer occupants are more than offset by the dangers they pose to people in other smaller cars. But the thing is this: About half of all occupant deaths occur in single-vehicle collisions where mass and size are incredibly protective for the occupants. So, there's no what we call "third party issue" of endangering others.

*Audience member #1:* I think, isn't the size issue more of relevance than the mass issue. The collapsibility, I think, is more of an issue than the mass.

*Mr. Kazman:* That's claimed and the insurances do a very interesting study. They looked at hybrid cars and their non-hybrid twins, identical models but the hybrid model had the very heavy battery in it. The non-hybrid model, a conventional car, was the same size but somewhat lighter. So, you had two cars with the exact same dimensions but it turned out their crash experience, their fatality experience, the hybrids because they were heavier did much, much better. But on this issue of mismatch, The insurance industry takes the view that this used to be a problem but because of the new bumper standards and other measures is no longer the problem it used to be.

Yes?

*Audience member #2:* You said there's always a tradeoff. I'm going to disagree with you one hundred percent. I'm going to tell you right where you're wrong. How many people in this room probably over fifty-five or fifty or my age when you stop at a gasoline tank and you touch the door you got a static spark. How many people has that happened to? There you go. And it won't cost you one pound. Get to work you guys.

*Mr. Kazman:* Wait, I'm sorry. So, you're saying that the static...

*Audience member #2:* There's no ground on the door handles on the cars.

*Mr. Kazman:* Okay. That in part is the result of the increased use of plastic materials.

*Audience member #2:* About static electricity. When you go to a gas tank read it on the side. Turn your lights out before you enter. Turn off electric. Do not re-enter. That's exactly why I quit pouring gasoline and went to propane. Every car manufacturer anywhere in this world should have a ground on a handle. You don't even have to think about it. You touch it, you're grounded.

*Mr. Kazman:* I would say that the lack of grounding is in large part due to the increase in the use of these plastic materials and their use is in turn due to high CAFE standards.

*Audience member #2:* [Unintelligible] manufacturers. Flat out.

*Mr. Kazman:* Other questions? Yes?

*Audience member #3:* A lot of the conversation today has been about the relationship of private parties, private corporations and government. I look back into the 1920s, 1930s and generally they called it corporatism or fascism. Would you say it's too far out to say what we have today is a system of neo-fascism?

*Mr. Kazman:* Well, you say the word fascist and some people leave the room immediately. I'd say when carmakers are pushing to make gasoline more expensive we've got a very perverse system in operation. I'm not sure what they would want to put in that. To the extent you have companies like Tesla, who in my view, their very livelihood depends on the continuation of these credits and so forth, that is taxpayer subsidies in one form or another, you're moving towards there.

*Audience member #3:* They've had this going on for years. And you know whenever you see a regulation come forward you always have to be suspicious that companies got behind it some ways so they could make a market for themselves. Is this market-making. This is regulatory capture. Companies go out there regularly and lobby for themselves and then they come to an agreement if there's competition over the regulation. The problem is that the everyday person loses out because they don't have a voice and they don't [unintelligible].

*Mr. Kazman:* I think that happened. The regulatory caps are usually referred to as the agencies being captured by the companies they regulate. I would say there was a time during the earlier years of CAFE we had the vision. You had one set of standards for domestically produced cars others for foreign produced cars. Some U.S. carmakers weren't very good at building small cars. Japanese were. Some people joked CAFE back then stood for Create Asian Full Employment. Where companies, in fact, were manipulating these things. At this point I think the whole global warming push, EPA's involvement in this, has turned stuff upside-down. And so, it's not so much that major companies have the agencies under *their* control, it's really the other way around.

*Audience member #3:* The Europeans did this. Okay. This was the first mover. They knew the government was going to regulate. They didn't have a choice in the matter. So, they figured they'd befriend the government so they'd get an advantage. The first mover like GE, which is why Immelt got sacked because he basically banked the company's future on standards that never materialized. Okay? And didn't continue through. That's the way this is. You know that.

*Mr. Kazman:* Yes, that's yet another reason to deregulate. There's less opportunities for that sort of [unintelligible] seeking.

Other questions?

Okay. Let me thank you again.